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ESCALANTE SILVER MINES COMPANY, INC. 312 Kearns Building Salt Lake City, Utah 84101

December 24, 1968

Mr. Hubert C. Lambert Utah State Engineer State Capitol Salt Lake City, Utah 84114

Re: Escalante Silver Mines Company, Inc. - Holt Mine

Dear Mr. Lambert:

Reference is made to the proposed program to conduct extensive tests to determine the feasibility of de-watering the Holt Mine situated in Iron County in Section 2, Township 36 South, Range 17 West, S. L. B. & M. In accordance with our prior conferences it is proposed to drill a maximum of six (6) 24 inch diameter wells from which the water inundating the mine will be pumped and discharged into the disposal canal system. It is further proposed to drill four small diameter diamond drilled holes into the vein and eight small diameter wells into the alluvium to be used solely as observation wells. Accordingly your approval is hereby requested for Escalante Silver Mines Company, Inc. to

- (1) drill a maximum of six (6) 24 inch diameter wells to be cased with 24 inch O.D. pipe from the ground surface to bedrock and then open hole 24 inches in diameter to a depth of 750 feet, to be used solely for the purpose of pumping water therefrom and discharging the same into the disposal canal system. The said wells will be drilled at the following points:
 - (a) North 1810 feet and West 980 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
 - (b) North 2350 feet and West 715 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
 - (c) North 2165 feet and West 795 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.

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- (d) North 2870 feet and West 430 feet from the Southeast corner of Section 2. Township 36 South, Range 17 West, S. L. B. & M.
- (e) North 2510 feet and West 610 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
- (f) North 1980 feet and West 860 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
- (2) drill four (4) vertical diamond drilled holes NX 3-7/8ths and cased with 4 inch O.D. pipe from the surface to bedrock and then open hole 750 feet deep, to be used as observation wells at the following points:
 - (a) North 340 feet and West 1180 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
 - (b) North 1900 feet and West 920 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
 - (c) North 2430 feet and West 670 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
 - (d) North 3145 feet and West 315 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
- (3) drill eight (8) wells in the alluvium 6-3/4th inches in diameter and cased with 4 inch 0.D. pipe to a depth of 200 feet or to bedrock, whichever is lesser, to be perforated and used as observation wells at the following points:
 - (a) North 3460 feet and West 410 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
 - (b) North 3710 feet and West 70 feet from the Southeast corner of Section 2, Township 36 South, Range 17 West, S. L. B. & M.
 - (c) North 2640 feet and East 1320 feet from the Southwest corner of Section 1, Township 36 South, Range 17 West, S. L. B. & M.

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- (d) North 2640 feet and East 2640 feet from the Southwest corner of Section 1, Township 36 South, Range 17 West, S. L. B. & M.
- (e) North 2640 feet and East 3960 feet from the Southwest corner of Section 1, Township 36 South, Range 17 West, S. L. B. & M.
- (f) South 3081 feet and East 241 feet from the Northwest corner of Section 12, Township 36 South, Range 17 West, S. L. B. & M.
- (g) South 3620 feet and East 1056 feet from the Northwest corner of Section 12, Township 36 South, Range 17 West, S. L. B. & M.
- (h) South 3289 feet and West 815 feet from the Northeast corner of Section 11, Township 36 South, Range 17 West, S. L. B. & M.

It is understood that logs will be kept upon the drilling of each well and copies thereof will be forwarded to your office. We trust that the foregoing will receive your favorable consideration and will meet with your approval.

Very truly yours

ESCALANTE SILVER MINES COMPANY, INC.

Samuel S. Arentz, Vice President



THE STATE OF UTAH

OFFICE OF STATE ENGINEER

SALT LAKE CITY

DC M

January 2, 1968

Escalante Silver Mines Company, Inc. 312 Kearns Building Salt Lake City, Utah 84101

Gentlemen:

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RE: ESCALANTE SILVER MINES COMPANY,

INC. - HOLT MINE

This acknowledges request by the Escalante Silver Mines Company to pursue a program of well drilling to test the feasibility of dewatering the old Holt Mine and to make observations of the effect of the dewatering on water levels in the periphery of the Beryl-Enterprise Underground Water Basin.

This constitutes approval to go ahead with the drilling of the wells for testing purposes. You should submit to the State Engineer detailed logs on each well drilled.

Yours very truly,

Hubert C. Lambert

Hubert C. Lambert

STATE ENGINEER

HCL/le

CC: Mr. Joseph Novak
Attorney at Law
520 Continental Bank Building
Salt Lake City, Utah

Mr. Sam Cline Attorney at Law Milford, Utah